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To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July 2015 through January 2016, FY 2016

This is the third month of experience under the revised estimate of SGF receipts in FY 2016 made by the Consensus Estimating Group on November 6, 2015. The figures in both the "Estimate" and "Actual" columns under FY 2016 on the following table include actual amounts received in July through October. That means that this report deals mainly with the difference between estimated and actual receipts in November through January.

Total receipts through January FY 2016 were \$37.0 million, or 1.1 percent, above the estimate. The component of SGF receipts from taxes only was \$26.0 million, or 0.8 percent, below the estimate. Total SGF taxes only, at the end of December, were \$19.2 million, or 0.7 percent, below the estimate. Total receipts at the end of December were \$42.8 million, or 1.5 percent, above the estimate. (Remember that absent the two transfer adjustments made by the Governor subsequent to the November Consensus estimates, total receipts would have been \$19.9 million below the January estimate.)

Two tax sources **exceeded** the estimate by more than \$1.0 million: compensating use tax (\$4.2 million or 1.8 percent); and cigarette tax (\$2.1 million or 2.4 percent).

Tax sources that **fell below** the estimate by more than \$1.0 million included: individual income (\$14.6 million or 1.1 percent); retail sales tax (\$14.4 million or 1.0 percent); financial institutions tax (\$5.5 million or 25.8 percent); corporate income tax (\$3.7 million or 1.9 percent); and severance tax (\$2.7 million or 16.4 percent).

Individual income tax receipts, which were down \$22.8 million through December, exceeded the January estimate by \$8.2 million and now stand \$14.6 million behind the cumulative forecast. The Department of Revenue indicated that about \$8.0 million in withholding taxes were received in early January that might have otherwise been expected in late December. Overall withholding grew by \$18.0 million this January over the same month last year.

Corporation income taxes, which had been \$4.6 million ahead of the estimate through December, fell \$8.3 million below the monthly forecast for January and are now down \$3.7 million for the fiscal year to date. Corporate estimated payments for the month were \$4.0 million less than a year earlier; while refunds were \$2.5 million more than January of 2015.

Sales tax receipts, which had been \$10.5 million below the estimate through December, fell another \$3.9 million in January and are now \$14.4 million below the estimate made in

November. The Department of Revenue reports that taxable sales in December (which generally are reflective of receipts in January) from the 67 largest retailers were 0.3 percent below the previous January. As noted last month, taxable sales from these retailers in November of 2015 had been 4.2 percent below the same month of the prior year.

Oil severance tax receipts fell \$2.7 million below the estimate and are expected to continue to fall below the November forecast for the foreseeable future to the extent that oil prices have fallen considerably since mid-November and there is a two-month lag in severance tax collections.

Interest earnings exceeded the estimate by \$2.1 million. Net transfers were less than anticipated resulting in a surplus to the SGF of \$62.7 million. This is primarily due to a delay in the Bioscience Development Fund transfer of \$5.9 million and the Governor's November special allotment authority plan which contains transfers totaling \$56.9 million from the State Highway Fund and the Children's Initiative Fund. Agency earnings were below the estimated amount by \$1.7 million.

Total SGF receipts through January of FY 2016 were \$239.7 million, or 7.4 percent, above FY 2015 receipts for the same period. Tax receipts only for the same period were above FY 2015 by \$73.5 million, or 2.2 percent.

This report excludes a deposit to the SGF of \$840.0 million, pursuant to issuance of a Certificate of Indebtedness. This Certificate will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July-January, FY 2016
(dollar amounts in thousands)

	Actual FY 2015	FY 2016			Percent change relative to:	
		Estimate*	Actual	Difference	FY 2015	Estimate
Property Tax/Fee:						
Motor Carriers	\$ 5,983	\$ 5,100	\$ 5,900	\$ 800	(1.4) %	15.7 %
Income Taxes:						
Individual	\$ 1,327,648	\$ 1,350,000	\$ 1,335,392	\$ (14,608)	0.6 %	(1.1) %
Corporation	215,780	198,000	194,273	(3,727)	(10.0)	(1.9)
Financial Inst.	19,833	21,200	15,740	(5,460)	(20.6)	(25.8)
Total	\$ 1,563,261	\$ 1,569,200	\$ 1,545,405	\$ (23,795)	(1.1) %	(1.5) %
Excise Taxes:						
Retail Sales	\$ 1,279,891	\$ 1,377,000	\$ 1,362,553	\$ (14,447)	6.5 %	(1.0) %
Comp. Use	215,578	229,000	233,164	4,164	8.2	1.8
Cigarette	51,639	83,000	85,057	2,057	64.7	2.5
Tobacco Prod.	4,385	4,750	4,685	(65)	6.8	(1.4)
Cereal Malt Bev.	936	920	832	(88)	(11.1)	(9.6)
Liquor Gallonage	11,532	11,600	11,637	37	0.9	0.3
Liquor Enforce.	39,944	40,000	39,730	(270)	(0.5)	(0.7)
Liquor Drink	6,019	6,200	6,303	103	4.7	1.7
Corp. Franchise	1,838	1,750	1,691	(59)	(8.0)	(3.4)
Severance	64,420	16,700	13,960	(2,740)	(78.3)	(16.4)
Gas	17,609	4,100	3,104	(996)	(82.4)	(24.3)
Oil	46,811	12,600	10,856	(1,744)	(76.8)	(13.8)
Total	\$ 1,676,182	\$ 1,770,920	\$ 1,759,612	\$ (11,308)	5.0 %	(0.6) %
Other Taxes:						
Insurance Prem.	\$ 58,504	\$ 58,300	\$ 66,540	\$ 8,240	13.7 %	14.1 %
Miscellaneous	787	700	723	23	(8.1)	3.3
Total	\$ 59,291	\$ 59,000	\$ 67,263	\$ 8,263	13.4 %	14.0 %
Total Taxes	\$ 3,304,717	\$ 3,404,220	\$ 3,378,180	\$ (26,040)	2.2 %	(0.8) %
Other Revenue:						
Interest	\$ 7,758	\$ 18,100	\$ 20,196	\$ 2,096	160.3 %	11.6 %
Transfers (net)	(113,435)	(13,940)	48,714	62,654	--	--
Agency Earnings and Misc.	37,669	31,000	29,292	(1,708)	(22.2)	(5.5)
Total	\$ (68,008)	\$ 35,160	\$ 98,202	\$ 63,042	-- %	-- %
TOTAL RECEIPTS	\$ 3,236,709	\$ 3,439,380	\$ 3,476,382	\$ 37,002	7.4 %	1.1 %

Consensus estimate as of November 6, 2015.

Excludes a Certificate of Indebtedness of \$840 million that must be redeemed prior to the end of the fiscal year.

NOTE: Details may not add to totals due to rounding.